

The Ontario Jockey Club

INTERIM REPORT FOR THE PERIOD JANUARY 1 TO JULY 16, 1972

The Trustees of The Ontario Jockey Club present herewith interim and unaudited financial statements for the period January 1 to July 16, 1972 consisting of a consolidated balance sheet as at July 16, 1972 and statements of consolidated income, deficit and source and application of cash.

The period of The Ontario Jockey Club commencing January 1, 1972 and ending on July 16, 1972 has been compared in the statements with the period of The Jockey Club Limited commencing on January 1, 1971 and ending on July 18, 1971 because it has been considered more informative to include the results of racing operations for complete race meetings and two of such meetings concluded on both July 16, 1972 and July 18, 1971.

On June 28, 1972 first reading was given in the House of Commons of Canada to Bill C-225. The purpose of the Bill was to authorize the operation of off-track betting establishments licensed by a province, where such establishments place bets through the pari-mutuel system and operate in accordance with federal regulations.

If Bill C-225 had been enacted before the dissolution of Parliament, the Province of Ontario could have proceeded with the implementation of its announced intention of establishing a properly regulated system of off-track betting. For this reason, the Trustees are disappointed that the Bill did not progress beyond first reading. However, the Trustees regard the Bill as deficient in that it did not deal satisfactorily with the so-called off-track messenger betting activities which have become so widespread in Ontario and which continue to have a detrimental effect upon patronage and revenues at our race tracks. The racing industry in Canada has made and will continue to make strong representations concerning this aspect of the matter.

The Trustees continue to be confident that the financial results for 1972 will be satisfactory.

Toronto, September 6, 1972.

E. P. TAYLOR,
Chairman.

THE ONTARIO JOCKEY CLUB

(a corporation without share capital incorporated under the laws of Ontario)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

July 16, 1972

(with comparative figures for The Jockey Club Limited and
its subsidiary companies at July 18, 1971—note 1)

Assets

FIXED ASSETS, at cost:

Buildings and equipment - - - - -	\$29,973,765	\$53,681,923
Less accumulated depreciation - - - - -	630,000	15,580,136
	<u>29,343,765</u>	<u>38,101,787</u>
Land and land improvements - - - - -	26,047,719	3,733,043
	<u>55,391,484</u>	<u>41,834,830</u>

GOODWILL, at cost - - - - -

2,796,042

OTHER ASSETS:

Cash - - - - -	488,599	22,273
Accounts receivable - - - - -	1,024,310	1,039,571
Prepaid expenses - - - - -	1,072,185	1,075,272
Income taxes recoverable - - - - -	52,149	190,580
Mortgage receivable, due May 1975 - - - - -	160,072	249,492
	<u>2,797,315</u>	<u>2,577,188</u>
	<u>\$58,188,799</u>	<u>\$47,208,060</u>

Liabilities

EQUITY:

Share capital—

First preference shares - - - - -	\$ 2,843,600
Second preference shares - - - - -	3,000,000
Common shares - - - - -	14,928,427
	<u>20,772,027</u>

Earned surplus (deficit) - - - - -	\$ (19,344)	8,939,526
	<u>(19,344)</u>	<u>29,711,553</u>

LONG-TERM DEBT (note 2):

First mortgage bonds - - - - -	7,139,863	7,713,200
Debentures - - - - -		2,394,600
Term bank loan - - - - -	10,000,000	
10% Secured Debentures - - - - -	36,022,704	
	<u>53,162,567</u>	<u>10,107,800</u>

EQUITY OF MINORITY SHAREHOLDERS in subsidiary companies - - -

72,381

DEFERRED INCOME TAXES - - - - -

857,000

OTHER LIABILITIES:

Current bank indebtedness - - - - -	138,920	2,373,974
Accounts payable and accrued charges - - - - -	4,662,144	3,992,977
Accrued bond and debenture interest - - - - -	244,512	92,375
	<u>5,045,576</u>	<u>6,459,326</u>
	<u>\$58,188,799</u>	<u>\$47,208,060</u>

CONSOLIDATED STATEMENT OF DEFICIT

for the period January 1 to July 16, 1972

Deficit, beginning of period - - - - -	\$ 48,451
Net income for the period - - - - -	29,107
Deficit, end of period - - - - -	<u>\$ 19,344</u>

THE ONTARIO JOCKEY CLUB

CONSOLIDATED STATEMENT OF INCOME

for the period January 1 to July 16, 1972

(with comparative figures for The Jockey Club Limited and

its subsidiary companies for the period January 1 to July 18, 1971—note 1)

	1972	1971
Revenue:		
Commission on mutuel wagering - - - - -	\$12,067,804	\$10,685,376
Admissions (not including taxes collected) - - - - -	2,258,110	2,105,540
Concessions, programmes and parking - - - - -	1,999,939	1,764,206
Total - - - - -	<u>16,325,853</u>	<u>14,555,122</u>
Operating expenses:		
Purses (note 3) - - - - -	5,287,103	4,596,422
Salaries and wages - - - - -	3,429,653	3,509,290
Other operating and maintenance expenses - - - - -	4,297,305	4,210,076
Total - - - - -	<u>13,014,061</u>	<u>12,315,788</u>
Income from operations before depreciation - - - - -	3,311,792	2,239,334
Depreciation - - - - -	630,000	806,000
Income from operations - - - - -	<u>2,681,792</u>	<u>1,433,334</u>
Financial expenses (net):		
Interest and discount on long-term debt—		
First mortgage bonds - - - - -	283,786	264,748
Debentures - - - - -		76,700
Term bank loan - - - - -	373,562	
10% Secured Debentures - - - - -	1,951,200	
	<u>2,608,548</u>	<u>341,448</u>
Other interest - - - - -	44,137	145,580
Total - - - - -	<u>2,652,685</u>	<u>487,028</u>
Income before income taxes - - - - -	29,107	946,306
Income taxes - - - - -		460,000
Net income - - - - -	<u>\$ 29,107</u>	<u>\$ 486,306</u>
Taxes on wagering and admissions collected for taxation authorities - - -	<u>\$ 9,140,086</u>	<u>\$ 7,970,972</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the period January 1 to July 16, 1972

1. THE COMPANY

The Ontario Jockey Club is a corporation without share capital and operates as a non-profit organization. Since its activities represent a continuation of those of The Jockey Club Limited, comparative consolidated financial statements of The Jockey Club Limited for 1971 have been included where appropriate.

2. LONG-TERM DEBT

	Principal amount issued	Outstanding December 31, 1971	Retired during the period	Outstanding July 16, 1972	Outstanding July 18, 1971
FIRST MORTGAGE SINKING FUND BONDS—					
7% Series B, due November 1, 1978 - - - - -	\$ 3,000,000	\$ 1,440,000	\$ 41,000	\$ 1,399,000	\$ 1,560,000
7% Series C, due November 15, 1980 - - - - -	3,000,000	1,860,000	10,000	1,850,000	1,980,000
6¼% Series D, due May 1, 1982 - - - - -	3,000,000	2,100,000	120,000	1,980,000	2,100,000
6¼% Series E, due November 15, 1983 - - - - -	3,000,000	2,220,000	79,000	2,141,000	2,340,000
	<u>\$12,000,000</u>	<u>7,620,000</u>	<u>\$250,000</u>	<u>7,370,000</u>	<u>7,980,000</u>
Less unamortized discount - - - - -		249,700		230,137	266,800
		<u>\$ 7,370,300</u>		<u>\$ 7,139,863</u>	<u>\$ 7,713,200</u>
SINKING FUND DEBENTURES—					
5½% due January 1, 1972 - - - - -	<u>\$ 6,000,000</u>				\$ 2,399,000
Less unamortized discount - - - - -					4,400
					<u>\$ 2,394,600</u>

THE ONTARIO JOCKEY CLUB

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF CASH

for the period January 1 to July 16, 1972

(with comparative figures for The Jockey Club Limited and

its subsidiary companies for the period January 1 to July 18, 1971—note 1)

Cash provided :	1972	1971
From operations —		
Net income - - - - -	\$ 29,107	\$ 486,306
Depreciation - - - - -	630,000	806,000
Amortization of bond and debenture discount - - - - -	19,563	26,500
Deferred income taxes - - - - -		(16,000)
	678,670	1,302,806
Net increase in liabilities other than deferred income taxes and long-term debt	3,330,232	2,318,948
Decrease in mortgage receivable - - - - -	44,710	
Issue of common shares for cash - - - - -		227,220
Total cash provided - - - - -	4,053,612	3,848,974
Cash expended :		
Purchase of fixed assets (net) - - - - -	88,654	340,294
Redemption of preference shares - - - - -		54,000
Retirement of bonds and debentures payable - - - - -	250,000	1,320,000
Net increase in accounts receivable and prepaid expenses - - - - -	1,601,679	1,469,864
Dividends declared - - - - -		167,762
Total cash expended - - - - -	1,940,333	3,351,920
Increase in cash - - - - -	\$ 2,113,279	\$ 497,054
Net bank indebtedness, beginning of period - - - - -	\$ 1,763,600	\$ 2,848,755
Cash (net bank indebtedness), end of period - - - - -	349,679	(2,351,701)
Increase in cash during period - - - - -	\$ 2,113,279	\$ 497,054

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. LONG-TERM DEBT (continued)

TERM BANK LOAN, with interest at a rate of $\frac{3}{4}\%$ above the prime bank rate - - - - - \$10,000,000

The corporation has given demand notes for this loan. Repayment, however, is scheduled in three annual instalments of \$2,000,000 commencing November 15, 1973, with the balance payable November 15, 1976.

10% SECURED DEBENTURES (subordinated to the term bank loan and secured by a second mortgage on the fixed assets and a second floating charge on the remaining assets of the corporation), due January 1, 1992 - - - - \$36,022,704

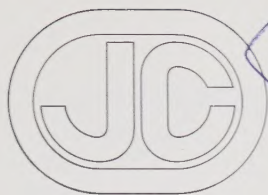
Payments on maturity and loan repayments during the next five years on all long-term debt are as follows:

Year ending July 16, 1973 - - - - -	\$ 350,000
Each of the years ending July 16, 1974 to 1976 - - - - -	\$2,480,000
Year ending July 16, 1977 - - - - -	\$4,480,000

3. PURSES

Grants distributed to owners of horses on behalf of the Provincial Government totalling \$583,085 during 1972 have not been included in the accompanying financial statements.

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File
The Ontario Jockey Club

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1972

Toronto, Ontario

Trustees

[illegible]

†Chairman of Executive Committee

*Executive Committee

†Honorary President

Officers

[illegible]

Solicitors

FISHER & HOLNESS - - - - - Toronto, Ontario

Auditors

CLARKSON, GORDON & CO. - - - - - Toronto, Ontario

Trustee for First Mortgage Bonds

NATIONAL TRUST COMPANY, LIMITED
Toronto, Montreal, Winnipeg and Vancouver

Trustee for 10% Secured Debentures

MONTREAL TRUST COMPANY
Toronto, Montreal, Winnipeg, Regina, Calgary and Vancouver

THE ONTARIO JOCKEY CLUB

1973 RACING DATES

Thoroughbred

		<u>Days</u>
GREENWOOD	Wednesday, March 21 through Saturday, April 14	22
FORT ERIE	*Sunday, April 15 through Sunday, May 13 Mondays and Tuesdays dark, except Monday, April 23.	22
WOODBINE	*Wednesday, May 16 through Sunday, July 15 Mondays and Tuesdays dark, except Mondays, May 21, July 2.	47
FORT ERIE	*Wednesday, July 18 through Saturday, September 1 Mondays and Tuesdays dark, except Monday, August 6.	35
WOODBINE	*Sunday, September 2 through Sunday, October 28 Mondays and Tuesdays dark, except Mondays, September 3, October 8.	43
GREENWOOD	Monday, October 29 through Saturday, December 1	30

Standardbred

GREENWOOD RACEWAY	Monday, January 1 through Saturday, March 17 Tuesdays and Wednesdays dark.	44
MOHAWK RACEWAY	*Sunday, March 18 through Sunday, April 15 Wednesdays and Thursdays dark.	21
GREENWOOD RACEWAY	Monday, April 16 through Saturday, May 12	24
GARDEN CITY RACEWAY	*Sunday, May 13 through Sunday, July 15 Wednesdays and Thursdays dark.	46
GREENWOOD RACEWAY	Monday, July 16 through Saturday, September 1	42
GARDEN CITY RACEWAY	*Sunday, September 2 through Saturday, October 13 Wednesdays and Thursdays dark.	30
MOHAWK RACEWAY	*Sunday, October 14 through Sunday, December 2 Wednesdays and Thursdays dark.	36
GREENWOOD RACEWAY	Monday, December 3 through Saturday, December 15 and Monday, December 31	13

*Includes Sunday Racing

THE ONTARIO JOCKEY CLUB

ANNUAL REPORT OF THE BOARD OF TRUSTEES

The Trustees of The Ontario Jockey Club present herewith the annual report and consolidated statement of income for the year 1972.

Net income for the year of \$28,233 must be viewed in light of the reorganization which was completed at the end of 1971.

Prior to the reorganization, the net income of The Jockey Club Limited after all charges, including purse distributions and income taxes, accrued to shareholders of that company. The effect of the reorganization was that the holders of common shares of The Jockey Club Limited received Secured Debentures of The Ontario Jockey Club. The net income for 1972 was realized after deducting interest of \$3,602,270 on such Debentures.

Purses are paid from the balance of income left after paying interest on the Secured Debentures and after all other charges. During the year in review such balance was \$10,340,439, of which \$10,312,206 was paid out in purses, leaving a net income for the year of \$28,233. In 1971 the amount paid out in purses was \$9,338,838. In addition, purse grants from the Ontario Government aggregating \$1,344,013 and \$1,241,328 were distributed in the years 1971 and 1972 respectively.

The year 1972 was the first full year in which our racing operations were carried on by a non-profit corporation. The financial results were, in the opinion of the Trustees, satisfactory.

Despite the continuance of unsupervised off-track betting activities, the financial results of 1973 operations to date have been encouraging.

The Trustees are confident that the change to a non-profit corporation without share capital was and will continue to be in the best interests of racing and the security holders of the Corporation.

It is with extreme sorrow that we report the death during the year of Mr. G. M. Bell who gave many years of invaluable service on our Board.

Mr. David B. Weldon of Toronto was appointed to the Board of Trustees in September, 1972.

On behalf of the Board of Trustees,

E. P. TAYLOR,
Chairman.

Toronto, June 8, 1973.

THE ONTARIO JOCKEY CLUB

CONSOLIDATED STATEMENT OF INCOME

for the year ended December 31, 1972

Revenue :

Commission on mutuel wagering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$23,435,392
Admissions (not including taxes collected)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,360,636
Concessions, programs and parking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,962,179
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<u>31,758,207</u>

Expenses :

Pari-mutuel expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,560,142
Maintenance expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,723,202
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,878,038
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,645,264
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	741,281
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<u>16,547,927</u>

Income before financial expenses and purses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<u>15,210,280</u>
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Financial expenses :

Interest and discount on long-term debt—

First mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	519,733
Term bank loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	684,249
Secured Debentures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,602,270
																		<u>4,806,252</u>
Other interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,589
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<u>4,869,841</u>

Income before purses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<u>10,340,439</u>
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Purses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<u>10,312,206</u>
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Net income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<u>\$ 28,233</u>
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The foregoing consolidated statement of income of The Ontario Jockey Club for the year ended December 31, 1972 has been prepared from the audited financial statements of the Corporation for such year. Copies of the audited financial statements will be furnished to holders of First Mortgage Bonds and Secured Debentures of The Ontario Jockey Club on request for the same to the Secretary of the Corporation, P.O. Box 156, Rexdale, Ontario, M9W 5L2.

